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INTERNATIONAL ENERGY BIWEEKLY REVIEW

6 September 1978

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Overview

In first half 1978 oil consumption rose slowly and output fell, resulting in a drawdown in oil inventories. Production is expected to increase in the second half of the year, reflecting continued oil consumption growth and a stock buildup in anticipation of an OPEC price increase at yearend.

Free World Oil Inventories

Free World oil stocks were generally at normal levels at midyear 1978. At the end of June, stocks amounted to an estimated 3.7 billion barrels—equal to about 72 days of consumption. Inventories probably will be increased in second half 1978 and by yearend 1978 should approach 4 billion barrels.

Major Developed Countries: Oil Product Consumption Continues Slow Growth

Oil product consumption in the seven major developed countries in first quarter 1978 increased by only 2.5 percent over first quarter 1977. Partial second-quarter data, indicate similar growth over 1977.

OPEC: Production Falls in First Half

OPEC production of crude oil in first half 1978 averaged only 28.3 million b/d, a two-and-a-half-year low.

OPEC Countries: Net Borrowing Position in First Quarter 1978.....

For the first time since the 1973/74 oil price hike, OPEC governments as a group became net borrowers of funds in first quarter 1978.

Indonesia: LNG Pains

Jakarta is becoming increasingly upset by Washington's failure to reach a decision on prices for proposed imports of Indonesian liquefied natural gas.

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